

**Summary of the  
Department of Workforce Development  
2005-07  
Biennial Budget Request**

**September 15, 2004**



## 2005-07 Biennial Budget Request

### Department of Workforce Development



This document provides a summary of the Department of Workforce Development's 2005-07 Biennial Budget Request. It includes two sections. The first section provides an overview of the request through a series of graphs that illustrate funding by source, by category (state operations or aids), and by division. The second section provides a narrative description for selected items included in the request, and is organized by division. The table below provides an index of issues and decision items by division.

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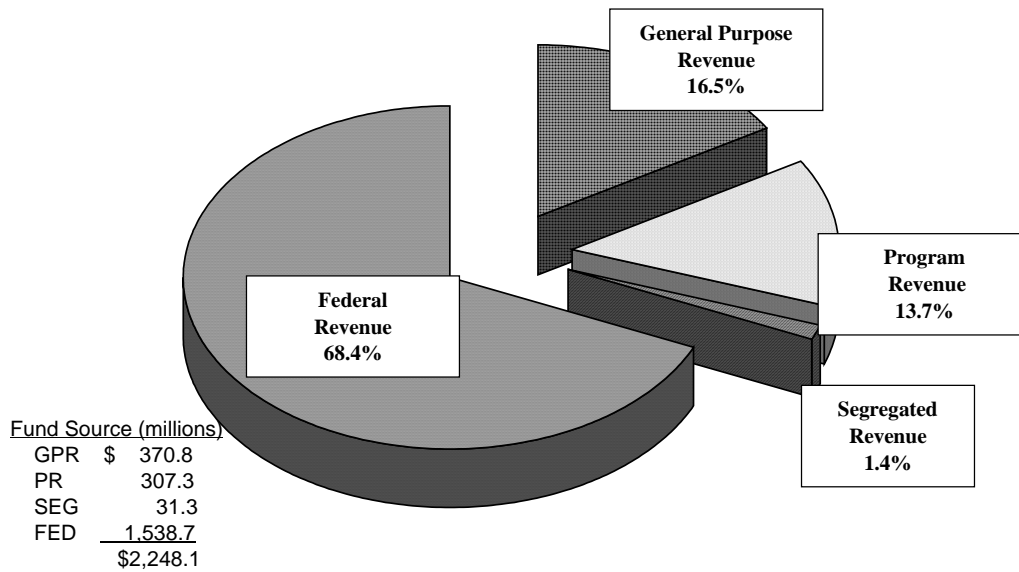


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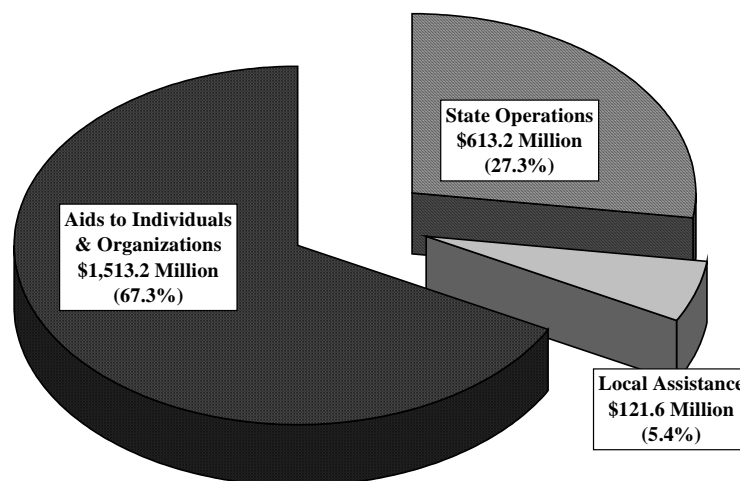


### Section 1: Budget Request Summary Charts

**DWD 2005-07 Biennial Budget  
Agency Request By Fund Source**  
Biennial Total \$2.25 Billion



**DWD 2005 - 2007 Biennial Budget  
Agency Request  
By Expenditure Category -- All Funds**  
Biennial Total \$2.25 Billion



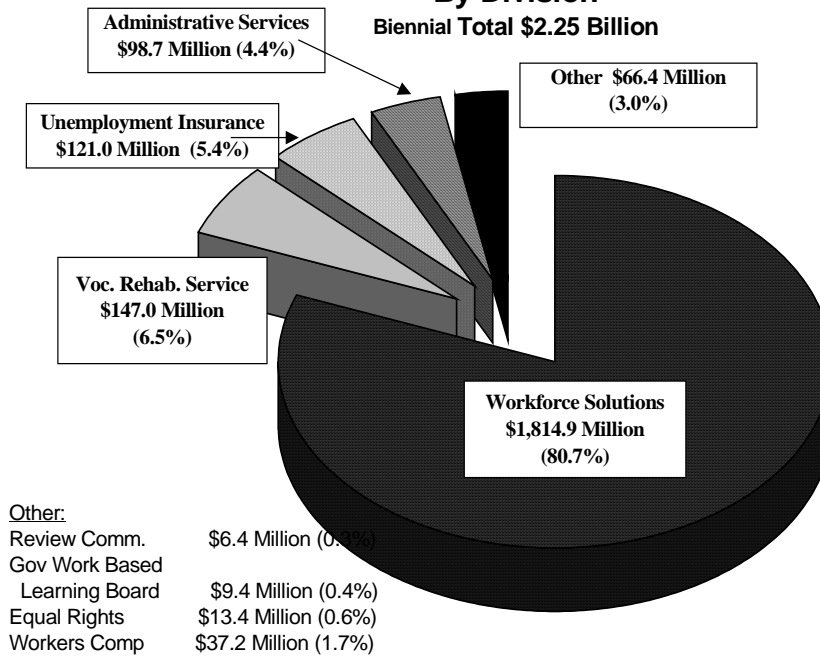


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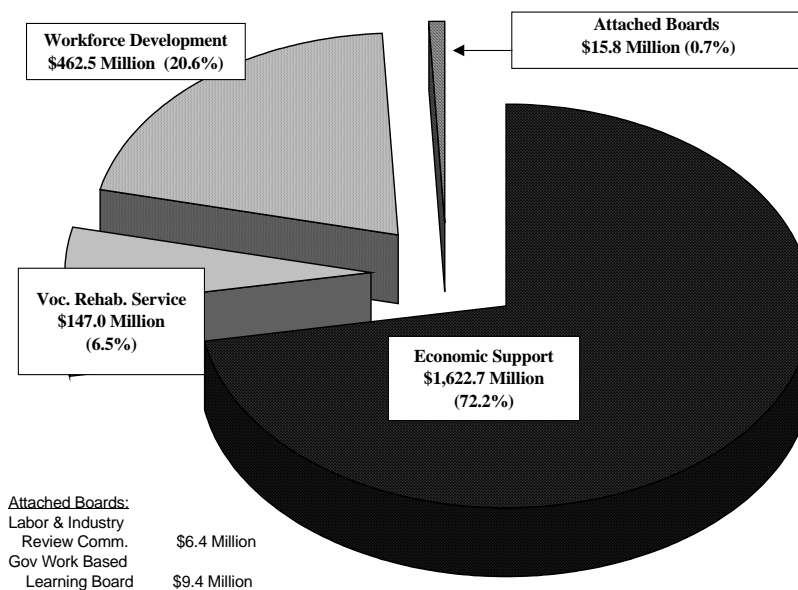
### DWD 2005-07 Biennial Budget Agency Request By Division

Biennial Total \$2.25 Billion



### DWD 2005-07 Biennial Budget Agency Request By Program

Biennial Total \$2.25 Billion



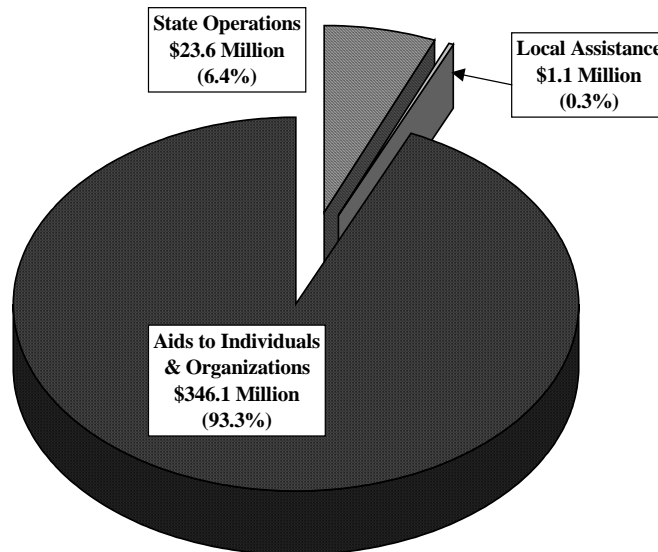


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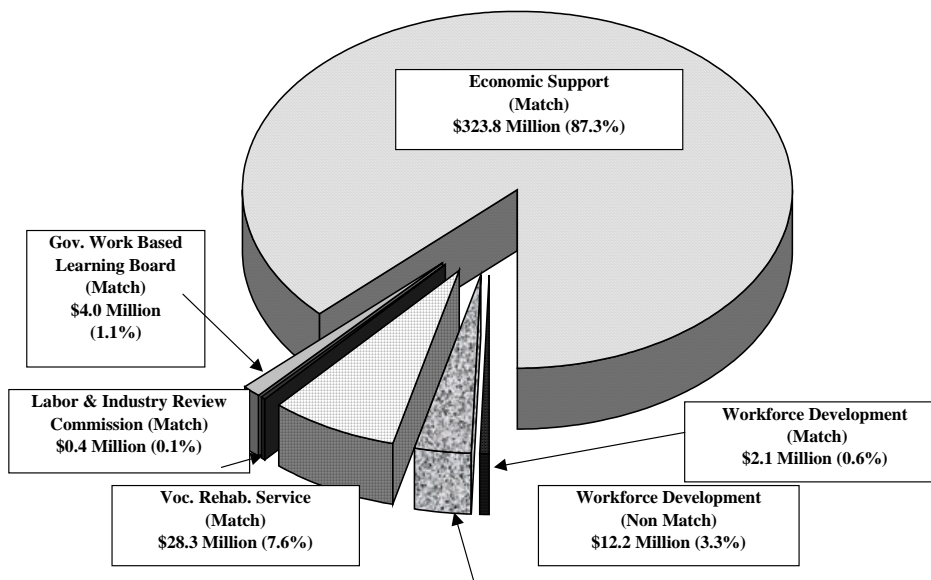
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### DWD 2005 - 2007 Biennial Budget Agency Request By Expenditure Category -- GPR Only Biennial Total \$370.8 Million



### DWD 2005-07 Biennial Budget Agency Request -- GPR Only By Program Biennial Total \$370.8 Million





## **Section 2: Decision Items by Division**

### **DIVISION OF EQUAL RIGHTS:**

**Automated Child Labor Work Permit Internet System (DIN 5101)** – In order to better protect children in employment situations, the department proposes to develop and implement an automated Child Labor Worker Permit Internet System that would be used to issue work permits to minors (and age certificates to young adults). The department requests funding and authority for the development and maintenance of the system, and creation of a new program revenue (PR) appropriation: s. 20.445(1)(hc), Equal Rights Operations - Work Permit Fee (numeric 139). Expenditure authority for the biennium would be established at \$225,000 PR in SFY 06 and \$450,000 PR in SFY 07, to fund the development and maintenance of the system and maintain existing services in the Division of Equal Rights. Revenues to fund the appropriation would be provided by an increase in the work permit fee.

The present child labor work permit program operates in the same manner as the program established by the Industrial Commission in 1917. With the current manual system, there are no automated, systematic checks that can be made to ensure that minors are protected from being certified improperly. The system relies solely on volunteers in communities to issue permits. Permit officers retain 1/2 of the current \$5 work permit fee (\$2.50). The remaining \$2.50 is deposited in the General Fund. An automated system would reduce the number of erroneously issued work permits by approximately 90% and help protect minors from being placed in potentially hazardous employment situations. In addition, the automated system would prevent work permits from being issued to minors who are ineligible to receive a work permit due to truancy. Employers could be confident that the automated system would help ensure workers would be properly certified, and would not be in violation of truancy laws.

The request would set the work permit fee by statute, and increase the fee by \$5.00 to a total of \$10.00. The additional revenue would be deposited in the program revenue appropriation to develop and implement the new system, provide ongoing maintenance, and maintain existing services in the division.

**Statutory Language Corrections Regarding the Former Personnel Commission and Consolidation with the Equal Rights Division (DIN 5102)** – The department requests Sections 230.85(3)(b) and 230.89(2) be deleted in their entirety. The elimination of these sections is residual “clean up” resulting from abolishing the Personnel Commission in the 2003-05 Biennial Budget, and transferring the complaint process to the Equal Rights division in the Department of Workforce Development.



**DIVISION OF WORKERS COMPENSATION:**

**Minor Re-Alignment of Position and Spending Authority (DIN 5203)** – The department requests a minor re-alignment of position and spending authority in Appropriations s.20.445(1)(ha), “Worker's Compensation Operations” (numeric 129), s.20.445(1)(ka), “InterAgency and Intra-Agency Agreements” (numeric 120), and s.20.445(1)(gb), “Local Agreements” (numeric 127), to reflect changes in workload and assigned responsibilities. Currently a small amount of staff time associated with the Worker's Compensation Wrap-up insurance program is charged to Appropriations 120 and 127. However, no Chapter 20 expenditure authority exists in these appropriations for Worker's Compensation. DIN 5203 will move 0.30 FTE and 0.40 FTE from Appropriation 129 to Appropriations 120 and 127 respectively. In addition, the DIN will move \$23,700 and \$30,100 in spending authority from Appropriation 129 to Appropriations 120 and 127 respectively. The re-alignment will remedy this minor discrepancy with no overall increase in spending authority.

**SEG Re-estimate for Appropriation 174 (DIN 5201)** – The department requests an increase of \$450,000 SEG in SFY 06 and \$450,000 SEG in SFY 07 in Appropriation s.20.445(1)(sm), “Uninsured Employers Fund; Payments” (numeric 174), to reflect more current revenue/expenditure estimates. The appropriation is a sum sufficient appropriation funded by the Uninsured Employers Fund (UEF), s.102.80.

**SEG Re-estimate for Appropriation 178 (DIN 5202)** – The department requests an increase of \$225,000 SEG in SFY 06 and \$225,000 SEG in SFY 07 in Appropriation s.20.445(1)(t), “Work Injury Supplemental Benefit Fund”, (numeric 178), to reflect more current revenue/expenditure estimates. The appropriation is an “all moneys received” appropriation that provides supplemental worker's compensation benefits under varying qualifying conditions (s.102.44, 102.49, 102.59 and 102.66), and is funded by the moneys received under s.102.47, 102.49 and 102.59

**PR-F Re-Estimate (DIN 5204)** – The department requests a decrease of \$53,800 PR-F in SFY 06 and \$53,800 PR-F in SFY 07 in Appropriation s.20.445(1)(p), “Worker's Compensation; Federal Monies” (numeric 147) to reflect 2003-05 Biennial Budget reductions. In the 2003-05 biennial budget reduction, 3.50 FTE federally funded positions were eliminated. The standard budget adjustment - full funding of continuing position salaries and fringe benefits will remove the salary and fringe benefit spending authority in Appropriation 147, however, the standard budget adjustment does not remove the related supplies and services spending authority. DIN 5204 deletes this spending authority.



**DIVISION OF UNEMPLOYMENT INSURANCE**

**Funding Unemployment Insurance Administration (DIN 5305)** – Wisconsin receives an annual allocation of federal Unemployment Insurance (UI) Grants from the U.S. Department of Labor (DOL) to administer the UI program. Recent changes in the methodology for allocating the federal grant have resulted in a 10 percent reduction (or \$5.8 million) in Wisconsin's grant amount from FFY 03 to FFY 05. During the same period, available federal funding has increased 1.5 percent; however, these funds are still insufficient to meet states' needs. The allocation of this shortfall has contributed to the decrease in the amount of Wisconsin's federal grant.

Reed Act money is federal unemployment tax (FUTA) funds disbursed to states when the balance in the federal extended unemployment compensation account, federal unemployment account, and the federal employment security administration account all reach the statutory ceiling established for each account. In March 2002, \$166.2 million of Reed Act money was disbursed into Wisconsin's UI Trust Fund account. Unlike previous distributions, this disbursement was made without regard to the statutory ceilings. These funds can be used for UI benefit payments, UI administration, and/or employment services administration. Wisconsin's Reed Act balance at the end of SFY 05 is estimated at \$156.8 million.

Appropriation s. 20.445 (1)(nc), (numeric 154) currently authorizes Reed Act money from distributions made in October 1999, 2000, and 2001 for UI administration. The funds from this prior distribution will be exhausted in SFY 05. The Department requests a statutory change to s. 20.445 (1)(nc) to authorize Reed Act funds from the March 2002 distribution for UI administration if the federal UI Grant is insufficient to support UI operations in SFY 06 and SFY 07.

Wisconsin's UI Grant amount for the 2005-07 biennium depends on modifications DOL may make to the allocation methodology, the availability of federal money, the amount of federal spending in other states in the prior federal fiscal year, and the minutes per unit for completing UI tasks in other states. Since the shortfall between administrative needs and the federal UI Grant is unknown, the department is requesting a reduction in budget authority of (\$2,263,800) PR-F in SFY 06 and (\$2,263,800) in SFY 07 in Unemployment Insurance Administration, Special Federal Moneys Appropriation s. 20.445(1)(nc) (numeric 154), thereby reducing budget authority to \$0 in each year of the biennium. The department will request budget authority from DOA through the allotment process to use Reed Act money from the March 2002 disbursement based on the UI Grant amount and administrative needs in SFY 06 and SFY 07.

**Supplies and Services for State Data Sharing (DIN 5301)** – The department requests an increase of \$16,100 PR-S in SFY 06 and \$16,100 PR-S in SFY 07 in Appropriation s. 20.445(1)(ka), "Interagency and Intra-agency Agreements" (numeric 120). The Division of Unemployment Insurance has data sharing agreements to provide UI data to





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other entities, and the current supplies and services budget authority of \$7,800 is insufficient for the increased expenditures anticipated.

**Interest and Penalty Payments (DIN 5302)** – The department requests a transfer of budget authority of \$74,500 PR in SFY 06 and \$74,500 in SFY 07 from the supplies and services line to the aid to individuals line in Appropriation s. 20.445(1)(gd), “Unemployment Interest and Penalty Payments” (numeric 136). The request also includes an increase of \$54,500 PR in SFY 06 and \$54,500 PR in SFY 07 in the aids to individuals line. The Division of Unemployment Insurance assesses penalties when employers do not file quarterly wage reports that are timely or in the required media, and interest for delinquent employer tax contributions.

**Bank Fee Payments (DIN 5303)** – The Department requests budget authority of \$1,020,000 PR-F in SFY 06 and \$1,020,000 PR-F in SFY 07 in the supplies and services line in Appropriation s. 20.445(1)(ne), “Unemployment Administration; Bank Service Costs” (numeric 148). 2003 Wisconsin Act 197 created appropriation s. 20.445(1)(ne), which authorizes Reed Act funds for payment of banking service fees incurred by the Unemployment Insurance Trust Fund. According to s. 108.16(12), the UI treasurer must pay for the cost of banking fees incurred by the fund either by maintaining compensating bank balances or by payment for the services from appropriation s. 20.445(1)(ne), whichever payment method is estimated to yield the highest net earnings for the fund. If the UI Trust Fund continues to earn a higher rate of return than compensating balances, budget authority is necessary in SFY 06 and SFY 07 for payment of banking fees with Reed Act funds.

**Rent Debt Service Costs for the Milwaukee State Office Building (DIN 5304)** – The department requests an increase of \$89,200 PR in SFY 06 and \$89,200 PR in SFY 07 in Appropriation s. 20.445(1)(gf), “Unemployment Insurance Administration,” (numeric 133), for premises rent costs in the Milwaukee State Office Building. The Division of Unemployment Insurance currently occupies space in the Milwaukee State Office Building. Prior to April 2003, the department owned its space in the building. Since this was “equity space,” the department was charged premises maintenance costs, instead of rental costs, which the federal UI grant fully reimbursed. To finance the renovation of the GEF-I and Milwaukee State Office Building, which occurred over the SFY 00 – SFY 03 period, DWD and the Department of Administration agreed to swap equity space in these buildings in lieu of payment for the remodeling and renovation costs. According to federal regulations, any portion of the rent cost that is for interest on debt service cannot be reimbursed with federal UI grants; this cost must be charged to a state fund source. The increase requested is to support these non-reimbursable rent costs.

**Revenue Estimate for Appropriation 125 (DIN 5306)** – The department requests a decrease of (\$2,446,600) PR in SFY 06 and (\$2,446,600) in SFY 07 in Appropriation s. 20.445(1)(gh), “Unemployment Information Technology Systems; Assessments” (numeric 125), to reflect anticipated revenue collections.



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#### **DIVISION OF WORKFORCE SOLUTIONS:**

**Grow Wisconsin Reed Act Initiative (DIN 5528)** – The Department requests an increase of \$1,000,000 PR-F in SFY 06 and \$1,000,000 PR-F in SFY 07 in appropriation s. 20.445 (1)(nd) (numeric 152) to authorize the use of Reed Act funding to support 13.00 FTE in each year. The positions were previously budgeted in other fund sources and thus represent no net increase in DWS staffing. This proposal will help the Department to better connect those on Unemployment Insurance benefits with employment and training activities and jobs. The outcome will bring together skilled quality workers and high demand, high growth industries of the state.

**TANF and Child Care Budget (DIN 5510)** – The Department requests total funding of \$647,324,800 GPR/PR-F/PR-O/PR-S/SEG in SFY 06 and \$651,900,100 GPR/PR-F/PR-O/PR-S/SEG in SFY 07 for the programs/allocations under s. 49.175(1). To support the requested changes in allocations, the Department requests the following changes in appropriations:

- Appropriation s. 20.445(3)(cm), numeric 305 - increase \$827,900 GPR in each year
- Appropriation s. 20.445(3)(jL), numeric 323 - increase \$535,400 PR in SFY 06 and \$533,100 PR in SFY 07
- Appropriation s. 20.445(3)(jb), numeric 331- increase \$1,258,000 PR in each year
- Appropriation s. 20.445(3)(L), numeric 338 - decrease (\$1,395,000) PR in SFY 06 and (\$1,400,800) PR in SFY 07
- Appropriation s. 20.445(3)(mc), numeric 345 - decrease \$6,238,800 PR-F in both fiscal years,
- Appropriation s. 20.445(3)(md), numeric 347 - increase \$4,417,400 PR-F in SFY 06 and \$4,394,200 PR-F in SFY 07,
- Appropriation s. 20.445(3)(me), numeric 358 - provide \$1,509,900 PR-F in SFY 06 and \$2,194,900 PR-F in SFY 07.
- Appropriation s. 20.445(3)(k), numeric 366 - decrease (\$2,031,400) PR-S in SFY 06 and (\$2,575,900) PR-S in SFY 07,
- Appropriation s. 20.445(3)(md), numeric 391 - increase \$29,173,600 PR-F in SFY 06 and \$54,271,600 PR-F in SFY 07.

The Department is requesting expenditure authority and allocations for the administration of programs related to the Temporary Assistance to Needy Families (TANF) block grant and the Child Care Development Fund (CCDF) block grant. It is estimated that the Department will receive \$581,588,300 in supporting revenues for SFY 06 and \$581,276,800 in SFY 07. Additionally, \$6,741,800 from unspent and unallocated federal funds will be available as revenue in SFY 06.

The Department proposes funding adjustments to several TANF programs to improve services to Wisconsin's families in greatest need. DWD's priority TANF programs are Wisconsin Works (W-2), Child Care, Workforce Advancement and Attachment (WAA),



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Children First, TANF Transportation, and Domestic Abuse Services Grants for services to refugees. All other TANF and related programs have been funded at either base or cost-to-continue levels, to preserve the ability to further support participants in DWD's programs and initiatives. The request increases allocations for the improvement of DWD's TANF priority initiatives by increasing funding as follows:

**Trial Jobs Plus** – The Department requests \$778,000 in SFY 06 and \$2,334,000 in SFY 07 in appropriation 20.445(3)(md) for the Trial Jobs Plus program. The Department will conduct an 18-month Trial Jobs Plus demonstration project, under the auspices of which up to 1,000 W-2 participants would be placed in enhanced Trial Jobs in at least one W-2 geographic region in Milwaukee County and at least two other counties.

**Extension of Custodial Parent (CMC) Assistance** – The Department requests extending the time limit on CMC participation from 12 weeks to 6 months, and including a requirement for work participation during the final three months. This approach offers the benefits of a six-month extension, while more closely resembling the “real world” of work. It will also provide opportunities to better prepare participants to enter (or re-enter) the workplace. The Department estimates a net savings of \$960,700 in SFY 06 and \$1,921,100 in SFY 07 in appropriation 20.445(3)(md) related to expanding eligibility for the CMC component of W-2. The savings estimated are the net effect of a combination of an increase in W-2 Benefits: \$2,643,500 in SFY 06 and \$5,286,700 in SFY 07 and a decrease in Child Care Payments: (\$3,604,200) in SFY 06 and (\$7,207,800) in SFY 07.

**Extension of Assistance to Pregnant Women Without Children (CMP)** – The Department requests the statutes be amended and funding provided to extend benefits to pregnant women who do not have children, but only for the third trimester, and only to women with documented “at risk” pregnancies. Eligibility would be limited to single pregnant women. The request includes \$614,500 in SFY 06 and \$1,229,100 in SFY 07 in appropriation 20.445 (3)(md) for the Wisconsin Works program.

**Direct Child Care** – The Department requests statutory language changes regarding the method used to set maximum rates. This will provide greater flexibility in rate setting within a tiered reimbursement system, and potentially allow more funds to be allocated to quality initiatives. The Department also requests the statutory authority to implement other eligibility, copayment, or waiting list cost containment measures – should the need arise. The Department requests the following allocations for s. 49.175(1) (p): \$306,768,600 for SFY 06 and \$306,348,200 for SFY 07 to meet the costs of the projected caseload and in consideration of the concurrent request to extend payments for W-2 CMC cases to 6 months.

**Child Care Quality Counts** – The Department requests allocations that will redistribute the Quality Improvement dollars to implement the Quality Counts for Kids system. This request provides a child care professional development system that can support quality child care programs across the state and insure the success of Quality Counts for Kids



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in addition to training on the Wisconsin Model Early Learning Standards that provide high quality experiences and support school readiness. It provides coordination and systems building through collaborative efforts with other regional, state and local agencies/organizations. A statewide infrastructure will support providers in the process of attaining higher levels of quality. Quality Indicators and Tiered Reimbursement can help improve the quality of child care purchased with existing child care subsidy dollars. Programs that meet higher quality, through a tiered quality indicator system, could receive increased funding - thus providing an incentive to programs to strive to meet higher quality standards.

**Child Care Consolidation** – The Department requests the transfer of the child care licensing function from DHFS to DWD, and statutory authority for DWD to provide all aspects of child care licensing. This will provide better coordination with child care subsidies, certification, and quality improvement initiatives. Communication and coordination of services for child care providers should be improved, providing a “one-stop” point of contact in a single state agency. The use of a single automated system would provide consistent and compatible information (there have been some previous issues associated with data collection/sharing) for both parents and providers.

The location and direction of a staff in a single office could provide improved coordination, consistent training and increased professional development. The quality of the certified program would likely increase because staff would be knowledgeable in both regulations and in the universe of child care quality enhancing resources. Consolidation of these efforts would mean that monitoring of all child care settings would be consistent throughout the state. In the long-term, there may be some efficiencies realized from any and /or all of these efforts.

**WETAP** – The Department requests \$900,000 in SFY 06 and \$900,000 in SFY 07 in appropriation 391 to provide TANF funding for the WETAP program. This funding would restore the SFY04 level of TANF funding to be used for the Transportation program, and reduce the need for GPR and local funding.

**WAA** – The Department requests an increase of \$2,000,000 in SFY06 and \$2,000,000 in SFY07 in appropriation 391 for the purpose of restoring the funding for the WAA program. The request would restore funding consistent with the Governor’s 2003-05 biennial budget request, and support the Governor’s KidsFirst initiative by helping families to obtain and maintain employment. It is also be consistent with the Governor’s Grow Wisconsin initiatives of working with both employers and employees to increase wages and income for our working families. This funding would provide W-2 Agencies with an additional resource for assisting newly employed participants. W-2 Agencies would be better able to provide post-employment services aimed at job retention and advancement with this funding and thus reduce the future recidivism rates of participants.



**Refugee Family Strengthening Program** – Provide DHFS with an additional \$563,500 TANF in each fiscal year (total funding of \$1,313,500/yr) for domestic-violence grants. Require DHFS to provide at least \$720,000 in each fiscal year to agencies providing services linguistically and culturally appropriate to refugees and former refugees as identified by DWD (\$563,500 + \$156,500 in 2004 funding = \$720,000). The \$563,500 is equal to the amount of the second JFC increase. The rationale for this amount was that it should allow DHFS to fully fund the RFS agencies at approximately the current funding level without a reduction in funding to any other current domestic violence grantees. The funding request should be reflected in the TANF allocations under s. 49.175(1), and the requirements for DHFS to provide at least \$720,000 in each fiscal year to RFS agencies and report to DWD the amount of GPR and PR used for grants to these and other organizations serving TANF-eligible persons should be reflected in the earmarks and other provisions under s. 46.95

**Appropriation for TANF-Related Recoveries** – Create an appropriation to receive, “All moneys received from recoveries of overpayments, incorrect, or disallowed payments initially made from any appropriation currently or previously identified in s. 49.175(1)(intro), when such recoveries may be treated as federal funds, including all such moneys received from uncashed checks or other returned payments that were initially made for any purpose currently or previously identified under s. 49.175(1) or approved under ss.13.10, 13.101, or 16.54(2)(a), to be used for purposes under s. 49.175(1), to reduce errors in the Wisconsin Works program, and for costs related to the recovery of required repayments of public assistance.”

**Public Assistance Collections** – Amend the statutes as follows: (1) under s. 49.195(3n)(p), delete the one-year limitation on the duration of a levy; (2) modify s. 49.195(3m)(b) to provide for lien-docket warrant satisfaction fees to be paid on the same billing cycle as the warrant entering-and-filing fee; (3) modify s. 49.195(3n)(t) to provide that a 3<sup>rd</sup>-party levy fee may be recovered by adding the fee to the amount of the levy, rather than from its proceeds; and (4) modify s. 49.195(3m)(h) to provide that the department “may” rather than “shall” issue a notice of withdrawal of a warrant, and “if the department issues a notice of withdrawal of the warrant,” the clerk of circuit court shall void it and the resulting liens.

**NGA Policy Academy** – Wisconsin was one of six states selected to participate in a National Governor’s Association cross-system collaboration “policy academy” project. The central component of the NGA study is to gather information on strategic partnerships and local innovations that help families access key services more easily. Modify the current purpose of the appropriation under s. 20.445(3)(cm) to provide that, in addition to its current purpose of funding types of child-care subsidies authorized under s. 49.155, DWD may make grants from the appropriation to local governments or non-profit organizations for projects involving the local W2 agency and child-welfare agency and that demonstrate, or further, promising local practices in coordinating the services of these agencies and other locally available services to enhance children’s well-being.





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### DWD 05-07 TANF Request

		TANF Request (cost to continue plus DWD initiatives)	
		SFY05 assumed Base	SFY06
			SFY07
<b>REVENUES</b>			
State General Purpose Revenue (GPR)		155,566,500	155,566,500
State Program Revenue		1,580,000	960,000
Child Care & Temporary Assistance Overpayment Recover		-	1,509,900
TANF High Performance Bonus		-	-
TANF Block Grant		314,499,400	314,499,400
Child Care Development Block Grant (CCDBG)		83,289,200	81,832,300
PR from DHFS for FSET Admin	(1)	8,112,600	8,112,600
CC Licensing Fees and GPR from DHFS			2,085,900
Public Benefit SEG		9,232,000	9,232,000
Net Child Support Collections	(2)	10,491,100	7,789,700
TANF Carryover from Prior Year		58,481,700	(58,994,700)
Total Revenues		641,252,500	588,330,100
<b>EXPENDITURES</b>			
<b>W-2 Agency Contract Allocations (3)</b>			
W-2 benefits		66,439,400	69,503,300
W-2 administration		21,165,700	21,165,700
W-2 ancillary services		55,606,600	56,578,700
<b>Child Care (4)</b>			
Direct Child Care Subsidies		308,040,600	306,768,600
Indirect Child Care Services (CC State Admin)		9,731,900	8,139,600
Local Pass-Through (Quality Counts Support Systems)		2,478,500	13,532,700
<b>Other Benefits</b>			
Kinship Care		24,122,200	24,122,200
Caretaker Supplement for Children of SSI Recipients		29,175,100	29,175,100
Emergency Assistance		4,500,000	4,500,000
Job Access Loans		600,000	618,700
<b>Child Support</b>			
Children First (Employment Program for Noncustodial Parents)		1,140,000	1,140,000
<b>Admin Support</b>			
State Administration		18,484,600	19,085,000
<b>Other Support Services</b>			
Transportation	(5)	-	900,000
Legal Services		-	-
English for S.E. Asian Children		100,000	100,000
<b>Grant Programs</b>			
WAA	(6)	-	2,000,000
Early Childhood Excellence	(7)	2,500,000	-
Grants for Boys & Girls Clubs of America		300,000	300,000
<b>Expenditures in Other Programs</b>			
EITC		59,532,000	59,532,000
Head Start		3,500,000	3,500,000
SSBG Transfer/Community Aids		13,366,213	13,366,200
Brighter Futures/Tribal Adolescent Svcs		1,367,100	1,367,100
Domestic Violence	(8)	750,000	1,313,500
Child Abuse and Neglect Prevention Board		340,000	340,000
Child Welfare Safety Services		7,323,600	7,323,600
Child Welfare Prevention Services		1,489,600	1,489,600
WISACWIS admin-DHFS		1,463,200	1,463,200
Total Expenditures		633,516,313	647,324,800
<b>Carryover (MUST BE A POSITIVE \$ AMOUNT)</b>			(129,618,000)
<b>TANF Balance</b>			(58,994,700)

#### Footnotes:

(1) Assumptions regarding GPR and Licensing fees from DHFS including double the per child fee of \$8.47

(2) Lower due to net CS collection projections and DWD request to fund Children First increases with CS.

(3) Changes from Base due to DWD request on Trial Jobs +, CMC 6-months and CMP 3rd Trimester

(4) Includes DWD request for Direct CC, Quality Counts, CC Consolidation, moving ECE, W-2 CMC-6-months savings and \$9m/yr projection reduction for new before/after school rates. Also includes \$2.1M revenue from DHFS



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**Fund Child Support (DIN 5502)** – The Child Support budget is projected to have an “all funds” deficit of \$3.2 million in SFY06 and \$7.9 million in SFY 07 resulting from GPR reductions in Act 33 and projected decreases in federal incentive earnings in SFY 06 and SFY 07. To repair the projected deficit, the department requests authority to retain additional federal incentives earnings totaling \$1,181,700 in SFY 06 and \$2,797,900 in SFY 07. Future amounts awarded for county contracts would decrease by an equal amount.

Adjusted expenditure authority levels for state operations are requested in appropriation s. 20.445(3)(n), “Child support operations; federal funds” in the following amounts: Numeric 343 is decreased (\$428,900) PR-F in SFY 06 and (\$360,200) PR-F in SFY 07 for reduced federal incentives; numeric 357 is increased \$287,800 PR-F in SFY 06 and \$120,200 PR-F in SFY 07 for increased matching funds. For county contracts, adjusted expenditure authority levels are requested in the appropriation at s. 20.445(3)(nL), “Child support local assistance; federal funds,” in the following amounts: Numeric 350 is increased \$820,200 PR-F in SFY 06 and \$991,800 PR-F in SFY 07; and numeric 351 is increased \$13,627,100 PR-F in SFY 06 and \$10,110,000 PR-F in SFY 07. The adjustments in numeric 350 include \$3 million annually to reflect county Medical Support Liability incentive earnings that are not included in the adjusted base funding level. The increase in appropriation 351 reflects federal matching funds.

In addition, this decision item includes B-2s to reflect estimates of program revenue for operations for the appropriations summarized in this table:

s. 20.445	SFY 06	SFY 07
(3)(jb) “Fees for Administrative Services” (numeric 331)	246,000	246,000
(3)(ja) “Child Support Operations-Fees and Reimbursement” (numeric 334)	509,400	423,400
(3)(q) “Centralized Receipt and Disbursement; Interest” (numeric 335)	(180,100)	(234,800)
(3)(qm) “Child Support Operations and Reimbursements; Unclaimed Payments” (numeric 337)	(264,900)	(489,900)

During deliberations on the 2003-05 biennial budget, the Joint Committee on Finance reduced the child support GPR budget base by over \$3.4 million. This reduction was in addition to the base reductions and efficiencies proposed by the Governor. At that time, the co-chairs noted that if the reductions proved too severe, the department should return to the committee to seek additional GPR support. \$2.7 million of the JFC reduction in SFY 05 was replaced with federal funds that will not be continuing at the same level in 2005-07. The department is requesting restoration of this portion of the child support program's GPR base with federal incentive funds.

**Expanding Children First (DIN 5501)** – The department requests \$570,000 PR-S in SFY 06 and \$1,140,000 PR-S in SFY 07 in appropriation s. 20.445(3)(k) “Child Support



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Transfers" (numeric 366), for expansion of the Children First program. The fiscal effect of this would be reflected as a change in the purposes of the expenditures estimated under the appropriation. The request would double the current \$1,140,000 annual funding level for the Children First program, effective January 1, 2006, using the state's share of assigned support collections. The program expansion is part of the Governor's *KidsFirst Initiative, Part 3: Strong Families*. Base funding continues to be reflected in the TANF budget as TANF MOE. The current program funding level is sufficient to provide the statutory \$400 per-participant reimbursement to local agencies for 2,850 new NCPs per year. Currently only 39 W-2 agencies and counties and one tribal agency participate in the program. Doubling the amount of funds for the program will allow expansion into new counties and serve an additional 1,425 NCPs in SFY 06 and 2,850 in SFY 07.

**DWS Funding Apprenticeship Standards (DIN 5520)** – DWD requests \$1,558,400 PR-F in SFY 06 and \$1,558,400 PR-F in SFY 07 in appropriation s. 20.445(1)(nd) (appropriation 152), to continue funding for the Apprenticeship program with Reed Act funds. This funding will support 13.85 FTE in each year. The proposed staffing level reflects an internal reallocation of a position to increase apprenticeship staffing by 1.00 FTE, and allow for the expansion of the apprenticeship program into additional fields (e.g. health care). In addition, .20 GPR FTE in the Apprenticeship program would be converted to appropriation 152 to provide greater consistency in program funding (no FTEs would remain funded from GPR). The .20 GPR FTE would be re-deployed to another position that performs work associated with operations funded under appropriation 101.

**DWS Position Realignment (DIN 5522)** – The Department request realigns permanent position authority with changes in programs and funding sources in the Division of Workforce Solutions (DWS). The changes reallocate existing position authority with no net change in full-time-equivalent (FTE) positions. The changes requested reflect:

- Reorganizations that have changed the focus of staff
- Reduced emphasis on positions funded from local agreements
- A request to consolidate all DWS position authority supported by non-federal program-revenue sources, or program-revenue-service (PR-S) reimbursements in appropriation s. 20.445(3)(kx), "Interagency and Intra-agency Programs" (numeric 367).

**Revenue Estimate for Appropriation 141 (DIN 5503)** – The department requests an increase of \$24,602,500 PR-F in SFY 06 and \$24,602,500 PR-F in SFY 07 for appropriation s. 20.445(1)(m), "Workforce Investment and Assistance," (numeric 141).





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This request is to increase budget authority to reflect more current revenue estimates for federal funding received primarily from the U.S. Department of Labor.

**Revenue/Expenditure Re-estimate for Appropriation 127 (DIN 5525)** – The department requests a reduction of (\$2,429,600) PR in SFY 06 and (\$2,429,600) PR in SFY 07 in appropriation s. 20.445(1)(gb), "Local Agreements" (numeric 127) based on an estimated reduction in contract revenues over the upcoming biennium. This estimate includes (\$16,300)/year in reduced revenues reflecting the assumption that local agencies would realize savings averaging \$250 per contract (in about 65 contracts per year) through more efficient processing that would be authorized under the statutory change proposed in association with this decision item.

**Miscellaneous DWS Revenue Re-estimates (DIN 5531)** – The department requests the following three adjustments in Chapter 20 spending levels:

A reduction of (\$91,800) PR-S in SFY 06 and (\$91,800) PR-S in SFY 07, due to estimated lower contract revenues in s. 20.445(1)(ka), "Interagency and Intra-Agency Agreements," (numeric 120).

A reduction of (\$25,800) PR-F in SFY 06 and (\$25,800) PR-F in SFY 07 in the appropriation at s. 20.445(1)(na), "Employment and Security Buildings and Equipment" (numeric 150) to remove budget on the supplies and services line. In conjunction with DIN 3003, which would remove amounts from the salary and fringe lines, this will "zero out" spending authority in this appropriation. Previous uses of this appropriation have ended, and the department does not anticipate revenues to support any expenditures in s. 20.445(1)(na).

An increase of \$1,800 PR in SFY 06 and \$1,800 PR in SFY 07 in the appropriation at s. 20.445(3)(i) to restore spending authority to the base level, offsetting the reduction required in DIN 3003 in association with expired position authority.

**Compensation & Health Insurance Reserves for Appropriations 345 and 390 (DIN 5509)** – The Department requests \$15,400 PR-F in SFY 06 and \$38,600 PR-F in SFY 07 to be budgeted in unallotted reserve within numeric 345, and \$106,500 PR-F in SFY 06 and \$267,500 PR-F in SFY 07 to be budgeted in unallotted reserve within numeric 390, both within the appropriation at s. 20.445(3)(mc), "Federal block grant operations," to reflect compensation and health insurance reserve amounts calculated pursuant to the technical budget instructions. DWD is proposing that the calculated amounts for numerics 345 and 390 be reflected in the Chapter 20 totals, and the appropriate allocations within the TANF budget, but be placed in unallotted reserve. This would establish a process analogous to that for GPR appropriations.



**DIVISION OF VOCATIONAL REHABILITATION:**

**Maximizing Federal Assistance for the Vocational Rehabilitation Program (DIN 5601)** – The department requests \$1,392,000 GPR in SFY 06 and \$1,569,000 GPR in SFY 07 in appropriation s. 20.445(5)(a), “State Title 1B aids”, (numeric 509). The department also requests (for the entire alpha) modification of the appropriation type for s. 20.445(5)(a) from annual to continuing, and a change in the SLA Indicator from “S” for State Operations to “A” for Aids to Individuals.

The Division of Vocational Rehabilitation (DVR) receives Wisconsin’s annual federal Title I-B Basic Support award. These federal funds are appropriated under the Rehabilitation Act of 1973, as amended, which establishes entitlement for U.S. residents with severe disabilities to receive financial assistance for the purpose of attaining employment. The federal funds are paid to DVR as a reimbursement, after expenditures are made. All program expenditures must include a minimum non-federal state match contribution of 21.3%. Since creation of the Department of Workforce Development in July 1996, over 98% of the GPR appropriated to DVR has been used as match for the federal Title I-B entitlement funding. If the initial appropriation of state funds is not sufficient to fully match the federal award there is a match shortfall or “match gap.” DVR faces a match gap each year. One reason is that the Title I-B award has an authorized increase each year based on the percent change of the Consumer Price Index (CPI). To avoid the loss of federal funds, and maximize federal assistance for the vocational rehabilitation program, DVR must secure and preserve non-federal match for use in filling that gap. To capture the new federal funds available each year through the CPI increase, DVR must increase the amount of non-federal match they have available.

Federal regulations do allow the division to negotiate contracts with other state agencies, local units of government or non-profits to obtain non-federal cash from these entities to use as match for the federal award. The division currently has two successful cooperative arrangements that supply \$700,000 of match to the program. But, even with these two arrangements in place, the estimated match gap represents over 10% of DVR’s discretionary case service match need. By increasing GPR funding for the program and modifying the appropriation type to be continuing (so that GPR does not lapse from the program), DVR will be able to fill the match gap, maximize the amount of federal funds received, increase the number of employment outcomes (see Performance Measures within the Department Summary Information section) and reduce the number of job seekers on the wait list.

**Using Social Security Administration Reimbursement Revenues to Increase the Number of Employment Outcomes (DIN 5602)** – The department requests the transfer provision at s. 20.445(5)(n) be deleted – “The department shall, in each fiscal year, transfer to s. 20.435(7)(kc) up to \$300,000.” In addition, all references to the transfer in Chapter 20 and any other sections of the statutes be modified to reflect the elimination of this requirement. The department also recommends that \$300,000 GPR



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in SFY 06 and \$300,000 GPR in SFY 07 be provided to s. 20.435(7)(c), which is the Department of Health and Family Services' appropriation for providing grants to Wisconsin's Independent Living Centers. Further, the department requests that appropriation language at s. 20.435(7)(c) be modified to permit GPR funding appropriated in s. 20.435(7)(c) to be transferred to DVR as part of a negotiated revenue exchange arrangement. Ending the transfer will enable DVR to evaluate its revenue balance and negotiate affordable revenue exchange arrangements that result in increased funding for its core mission (see Performance Measures).

**Matching the Federal Grant that Funds Wisconsin's State Independent Living Council (DIN 5603)** – The department requests the transfer of \$30,200 GPR in SFY 06 and \$30,200 GPR in SFY 07 from the appropriation in the Department of Health and Family Services (DHFS), used to provide match funds for the Title 7 Part B State Independent Living Services Grant, to s. 20.445(5)(a). The transferred funds would be distributed in the numeric appropriations and by fiscal year as follows: \$10,200 GPR in SFY 06 and \$10,200 GPR in SFY 07 to numeric appropriation 505 (State Program Aids), and \$20,000 GPR in SFY 06 and \$20,000 GPR in SFY 07 to numeric appropriation 509 (State Title 1B Aids). Historically the Division of Vocational Rehabilitation (DVR) and DHFS have each provided a portion of the match required to draw the federal Title 7 Part B funds. In the 2001-03 biennium DHFS received an increase in its base funding for this match to \$30,200 GPR. DVR has provided the balance of any match required to draw the full federal award. The department requests that \$10,200 GPR be transferred to numeric appropriation 505 in each year of the biennium. This will bring the Chapter 20 budget authority up to \$35,000 GPR, which will be sufficient to fully match the federal award. The department requests the \$20,000 GPR of remaining DHFS base funding be transferred to numeric appropriation 509 in both years of the biennium, so that the funds will continue to serve the needs of Wisconsin's disabled residents as matching funds for the Title I-B Basic Support grant.

**Revenue/Expenditure Re-estimate for Appropriation 531 (DIN 5604)** – The department requests a decrease of (\$5,200) PR in SFY 06 and (\$5,200) PR in SFY 07 from the supplies and service budget authority of s. 20.445(5)(gg), "Contractual services operations" (numeric 531). As part of completing the department's implementation of Act 33 position reductions for the 2003-05 biennium, all position authority in appropriation 531 is being eliminated. There are currently no plans to use the supplies and services budget authority in appropriation 531.

**Revenue/Expenditure Re-estimate for Appropriation 539 (DIN 5605)** – The department requests an increase of \$106,500 PR in SFY 06 and \$106,500 PR in SFY 07 for the supplies and service budget authority in s. 20.445(5)(h), "Supervised Business Enterprise Title 1B" (numeric 539). The department is requesting that budget authority be increased to more accurately reflect the current plan for spending in this appropriation given the contract with RSVW.



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**Revenue/Expenditure Re-estimate for Appropriation 540 (DIN 5606)** – The department requests a decrease of (\$410,200) PR-F in SFY 06 and (\$410,200) PR-F in SFY 07 from the supplies and service budget authority of s. 20.445(5)(n), “Federal program operations” (numeric 540). The department also requests a decrease of (\$63,100) PR-F in SFY 06 and (\$63,100) PR-F in SFY 07 from the permanent property budget authority of numeric appropriation 540. The department is requesting the authority be removed to more accurately reflect the current planned spending in this appropriation.

**Revenue/Expenditure Re-estimate for Appropriation 529 (DIN 5607)** – The department requests a decrease of (\$28,700) PR in SFY 06 and (\$28,700) PR in SFY 07 from the supplies and service budget authority of s. 20.445(5)(he), “Supervised business enterprise” (numeric 529). State and federal law gives legally blind persons first right to operate vending or cafeteria businesses on state or federal property. Appropriation 529 is used by the Division of Vocational Rehabilitation’s Business Enterprise Program (BEP) to collect rent payments from legally blind participants who operate vending or cafeteria sites on state property. After negotiations, some state agencies have agreed to cover cafeteria rent costs; therefore, the BEP expenditures for rent are expected to be less in the 2005-07 biennium.

**Revenue/Expenditure Re-estimate for Appropriation 532 (DIN 5608)** – The department requests a decrease of (\$106,500) PR in SFY 06 and (\$106,500) PR in SFY 07 from the aids to individuals budget authority of s. 20.445(5)(gp), “Contractual services aids” (numeric 532). Appropriation 532 is used by the Division of Vocational Rehabilitation (DVR) to collect revenue from local units of government and non-governmental agencies per specifications outlined in cooperative arrangement contracts negotiated with DVR. The non-federal revenue that is collected is used to match the federal Title I-B Basic Support award. This reduction reflects DVR’s ability to reduce reliance on the use of cooperative arrangement contracts as a source of match as outlined in DIN 5601.

**Revenue/Expenditure Re-estimate for Appropriation 533 (DIN 5609)** – The department requests a decrease of (\$10,000) PR in SFY 06 and (\$10,000) PR in SFY 07 from the supplies and service budget authority of s. 20.445(5)(i), “Gifts and grants” (numeric 533). Appropriation 533 is used by the Division of Vocational Rehabilitation (DVR) to collect revenue from gifts, grants and bequests. There are no gifts, grants or bequest revenues anticipated at this time.

**Revenue/Expenditure Re-estimate for Appropriation 541 (DIN 5610)** – The department requests a decrease of (\$1,202,000) PR-F in SFY 06 and (\$1,202,000) PR-F in SFY 07 from supplies and service in appropriation s. 20.445(5)(n), “Federal Title 1B operations” (numeric 541), which provides approximately 40% of the federal spending authority DVR uses in its Title I-B Basic Support program. Over time, as annual Consumer Price Index increases are added to the Title I-B award, the majority of the increase amount is spent as aids expenditures in appropriation 544. This decrease will



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bring spending authority in 541 for supplies and services in line with the current distribution of DVR's Title I-B awards.

**Revenue/Expenditure Re-estimate for Appropriation 542 (DIN 5611)** – The department requests a decrease of (\$8,500) PR-F in SFY 06 and (\$8,500) PR-F in SFY 07 from the supplies and service budget authority of appropriation s. 20.445(5)(m), “Federal project operations” (numeric 542). Appropriation 542 is used by the Division of Vocational Rehabilitation to collect and spend federal revenue from the Rehabilitation Services Administration In-Service Training grant. During the 2003-05 biennium the federal discretionary award to Wisconsin has decreased by \$8,500 PRF. This will bring spending authority in line with the expected grant amounts for the 2005-07 biennium.

**Revenue/Expenditure Re-estimate – Appropriation 543 (DIN 5612)** – The department requests a decrease of (\$200,000) PR-F in SFY 06 and (\$200,000) PR-F in SFY 07 from the aids to individuals budget authority of appropriation s. 20.445(5)(n), “Federal program aids” (numeric 543). Appropriation 543 is used by the Division of Vocational Rehabilitation to collect and spend federal revenue from continuing vocational rehabilitation programs. The division collects revenue in 543 from five on-going programs. Revenue collections from the Social Security Administration's reimbursement program are expected to decrease during the 2005-07 biennium. This will bring spending authority for 543 in line with the expected total revenue collections.

**Revenue/Expenditure Re-estimate for Appropriation 544 (DIN 5613)** – The department requests an increase of \$2,213,400 PR-F in SFY 06 and \$2,867,400 PR-F in SFY 07 for aids to individuals in appropriation s. 20.445(5)(n), “Federal Title 1B Aids” (numeric 544). Appropriation 544 provides approximately 60% of the federal spending authority that (DVR) uses in its Title I-B Basic Support program. Each year an annual Consumer Price Index increase is added to the Wisconsin Title I-B award. This increase will bring spending authority in 544 for aids to individuals in line with the current distribution of DVR's Title I-B awards.

**Revenue/Expenditure Re-estimate for Appropriation 568 (DIN 5614)** – The department requests a decrease of (\$513,000) PR-S in SFY 06 and (\$513,000) PR-S in SFY 07 from aids to individuals in appropriation s. 20.445(5)(ky), “Interagency and Intra-agency Aids” (numeric 568). Appropriation 568 is used by the Division of Vocational Rehabilitation to collect and spend revenues, as match for the Title I-B program, from cooperative arrangement contracts. Making this reduction will bring spending authority for 568 in line with the expected revenue collections.

**Subprograms in Program 05 that No Longer Function (DIN 5615)** – The department requests the deletion of subprogram 50 “Workforce Excellence” from program 05 “Vocational Rehabilitation.” The department also requests the deletion of subprogram 70 “Administrative Services” from program 05. The functions performed within subprogram 50 and subprogram 70 have been discontinued.





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#### **DIVISION OF ADMINISTRATIVE SERVICES:**

**Minor Re-Alignment of Position and Budget Authority (DIN 5401)** – The department requests a minor re-alignment of position and spending authority in appropriation s. 20.445(1)(ka), “Interagency and Intra-agency Agreements”, (numeric 120), and s. 20.445 (1)(kc), “Administrative Services”, (numeric 185), to reflect changes in workload and assigned responsibilities. Currently staff time is charged to appropriation s. 20.445 (1)(ka), however, there is no corresponding Chapter 20 position or spending authority in the appropriation. The request includes an increase of 0.75 FTE and \$93,800 PR-S in SFY 06 and 0.75 FTE and \$93,800 PR-S in SFY 07 in appropriation s. 20.445 (1)(ka), and a decrease of (0.75) FTE and (\$93,800) PR-S in SFY 06 and (0.75) FTE and (\$93,800) PR-S in SFY 07 in appropriation s. 20.445 (1)(kc), (numeric 185). The net effect is no overall change in either position or spending authority. This change will properly align positions and spending authority with actual/estimated charges.

**Revenue/Expenditure Re-estimate for Appropriation 132 (DIN 5402)** – The department requests a decrease of (\$400,000) PR in SFY 06 and (\$400,000) PR in SFY 07 in appropriation s. 20.445(1)(hb), “Worker’s Compensation Contracts”, (numeric 132) for services from the Administrative Services Division. This request will align expenditure authority to more accurately reflect estimated revenues for this appropriation.

**Revenue/Expenditure Re-estimate for Appropriation 130 (DIN 5403)** – The department requests a decrease of (\$126,800) PR in SFY 06 and (\$126,800) PR in SFY 07 in appropriation s. 20.445 (1)(ga), “Auxiliary Services”, (numeric 130), for the Administrative Services Division. This request will align expenditure authority to more accurately reflect estimated revenues for this appropriation.

#### **LABOR and INDUSTRY REVIEW COMMISSION:**

See the section on department wide decision items.

#### **GOVERNOR’S WORK BASED LEARNING BOARD:**

**Restructure GWBLB to Program 07 (DIN 5701)** – The Governor's Work-Based Learning Board (GWBLB), attached to DWD for limited purposes, requests adjustments to the Board’s budget and position authority. The 2003-05 biennial budget considered incorporating GWBLB programs into DWD’s Division of Workforce Solutions. As enacted, certain GWBLB programs were transferred to the Technical College System Board. The Governor vetoed a number of these provisions but was unable to fully reverse them. These changes transfer all GPR funding back to the 700-series appropriations, consolidate the GPR funding for operations with appropriations for Local Youth Apprenticeship Grants and School-To-Work Programs for Children At Risk in a biennial appropriation to provide increased flexibility.



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#### DEPARTMENT WIDE DECISION ITEMS:

**Transfer of 2.60 FTE from Employment Assistance and Unemployment Insurance Administration; Federal Moneys (DIN 5901)** – The department requests a decrease of (2.6) FTE PR-F and (\$169,100) PR-F in SFY 06 and (2.6) FTE PR-F and (\$169,100) PR-F in SFY 07 in Appropriation s. 20.445(1)(n), “Employment Assistance and Unemployment Insurance Administration; Federal Moneys” (numeric151), and an increase of 2.6 FTE PR-F and \$169,100 PR-F in SFY 06 and 2.6 FTE PR-F and \$169,100 PR-F in SFY 07 in Appropriation, s. 20.445(2)(n), “Unemployment Insurance; Federal Moneys,” (numeric 251).

The Labor and Industry Review Commission (LIRC) is responsible for reviewing UI Administrative Law Judges’ decisions whenever one of the parties files a petition for review. To conduct the review, LIRC uses a synopsis of testimony that is created from the recording of the hearing conducted by the Administrative Law Judge. LIRC depends on the preparation of the synopses so that it can promptly review the decisions under appeal and meet federal performance standards. Currently, the Division of Unemployment Insurance has legal assistants who prepare the synopses for LIRC. The transfer of positions from UI to LIRC would give LIRC direct control over the resources that are available to prepare the synopses, allow LIRC to set priorities over the work performed (which it currently does not have the right to do) and place the task of meeting federal performance standards for higher-authority review of appealed UI cases entirely within LIRC.